

Message Text

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ACTION EUR-12

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INFO AMCONSUL CALGARY
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AMCONSUL QUEBEC
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SUBJECT: MEDIA REACTION - BLUMENTHAL/SCHULTZE VISIT TO
OTTAWA, MARCH 9, 1978.

REF: HALIFAX 139

1. SUMMARY. CANADIAN MEDIA STRESSED BLUMENTHAL'S ASSUR-
ANCE AT PRESS CONFERENCE MARCH 9 THAT THE U.S. WOULD NOT
ADOPT PROTECTIONIST TRADE MEASURES; HIS FORECAST OF IM-
PROVED LOOK FOR THE U.S. DOLLAR; AND THAT TALKS WITH
CANADIAN FINANCE MINISTER CHRETIEN WERE BENEFICIAL BUT DID
NOT RESULT IN SPECIFIC ACCORDS TO BOLSTER CANADIAN AND
U.S. CURRENCIES. TV COVERAGE WAS GENERALLY FACTUAL. HOW-
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EVER, A CTV REPORTER SAID THAT THIS MEETING PRESAGED AN
"ECONOMIC PACT IN THE FUTURE" BUT DID NOT ELABORATE ON THE
NATURE OF THE PACT. IN QUEBEC CITY, FRENCH TV GAVE VISIT
FULL AND POSITIVE COVERAGE. END SUMMARY.

2. BEFORE ARRIVAL OF BLUMENTHAL AND SCHULTZE, THE OTTAWA
JOURNAL AND MONTREAL GAZETTE OF MARCH 9 CARRIED CANADIAN

PRESS STORIES NOTING THAT "THERE ARE FEARS IN SOME QUARTERS THAT THE U.S. MAY BE CONSIDERING MEASURES THAT COULD HURT THE SALE OF CANADIAN PRODUCTS."

3. THE BUSINESS SECTION OF THE NATIONALLY CIRCULATED TORONTO GLOBE AND MAIL OF MARCH 10 STATED THAT "U.S. TREASURY SECRETARY MICHAEL BLUMENTHAL ... TOLD A NEWS CONFERENCE THAT SEVERAL DEVELOPMENT WILL CONTRIBUTE TO AN IMPROVED OUTLOOK FOR THE U.S. DOLLAR, INCLUDING THE EXPECTATION THAT THE DIFFERENTIAL IN ECONOMIC GROWTH RATES BETWEEN THE U.S. AND ITS MAIN TRADING PARTNERS WILL NARROW."

4. THE MONTREAL GAZETTE OF MARCH 10 EMPHASIZED CHRETIEN'S REMARKS AT THE PRESS CONFERENCE THAT BOTH COUNTRIES WOULD BENEFIT FROM AN IMPROVED WORLD ECONOMIC SITUATION. "IF THE ECONOMIC SITUATION IMPROVES THROUGH THE WORLD ... THE ECONOMY OF THE U.S. WILL IMPROVE. AND SINCE WE DEPEND ON THEIR ECONOMY, UNDER THOSE CIRCUMSTANCES WE BELIEVE WE CAN REACH OUR TARGETED FIVE PERCENT GROWTH RATE IN 1978," SAID CHRETIEN. THE GAZETTE QUOTED BLUMENTHAL'S ASSURANCE THAT "WE DO NOT CONTEMPLATE A RETURN TO PROTECTIONISM. WE UNDERSTAND THAT PROTECTIONISM IS BAD FOR EVERYONE." THE GAZETTE SAID THAT, ACCORDING TO CHRETIEN, "...TALKS WITH TOP U.S. FINANCE OFFICIALS HAD BEEN EXTREMELY USEFUL BUT RESULTED IN NO PRACTICAL ACCORDS TO SHORE UP SAGGING CANADIAN AND U.S. CURRENCIES."

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5. THE OTTAWA CITIZEN OF MARCH 10 HEADLINED "NO TRADE WALLS AGAINST CANADA, U.S. TREASURY SECRETARY SAYS." THE CITIZEN STATED THAT BLUMENTHAL SAID "...ECONOMIC EXPANSION IN THE U.S. THIS YEAR WILL CONTINUE TO PROVIDE GOOD TRADE OPPORTUNITIES FOR CANADIANS," AND NOTED THAT "BLUMENTHAL SAID A MOVE IN THE U.S. TO DEFEND DOMESTIC STEEL PRODUCERS AGAINST FOREIGN DUMPING WOULD NOT HAVE ANY NEGATIVE IMPACT ON CANADIAN PRODUCERS."

6. LE DEVOIR (MONTREAL) REPORTING ON PRESS CONFERENCE NOTED U.S. DOES NOT PLAN TO PUT ON PROTECTIONIST MEASURES, NOTABLY AGAINST STEEL, QUOTING SECRETARY BLUMENTHAL'S STATEMENT THAT U.S. ANTI-DUMPING ACTION RE STEEL WILL NOT HAVE AN ADVERSE EFFECT ON CANADA. IT ALSO REPORTED FINANCE MINISTER CHRETIEN'S STATEMENT HE WAS SATISFIED WITH U.S. RESPONSES TO BILATERAL PROBLEMS RAISED BY GOC WITH RESPECT TO STEEL, ZINC, AND CERTAIN CATEGORIES OF FISH. IT ALSO REPORTED STATEMENTS OF GOOD PROSPECTS FOR ECONOMIC GROWTH IN THE U.S. THIS YEAR WHICH WILL HELP THE CANADIAN ECONOMY. ON CURRENCIES, LE DEVOIR REPORTED STATEMENT BY CHRETIEN THAT IT IS ALMOST IMPOSSIBLE FOR THE U.S. AND CANADA TO DEVELOP A COMMON STRATEGY FOR THEIR TWO CURRENCIES,

BUT THAT SECRETARY BLUMENTHAL HAD NOTED THAT GREATER ECONOMIC GROWTH BY U.S. TRADING PARTNERS, NOTABLY IN EUROPE, WOULD HELP THE U.S. TRADE BALANCE.

7. TORONTO STAR RAN FIVE COLUMN PICTURE IN BUSINESS SECTION OF SECRETARY BLUMENTHAL, CHAIRMAN SCHULTZE, AND FINANCE MINISTER CHRETIEN. STORY SAID U.S. AND CANADA WOULD WORK TOGETHER IN SUPPORT OF FREE TRADE AGREEMENTS DESIGNED TO CREATE MORE JOBS AND REDUCE INFLATION IN THE HARD HIT NORTH AMERICAN ECONOMY, AND SECRETARY BLUMENTHAL HAD ASSURED CANADIANS THERE WOULD BE NO ATTEMPT TO IMPOSE PROTECTIONIST TRADE BARRIERS IN THE WAKE OF PLUMMETING EXCHANGE RATES FOR THE CURRENCIES OF BOTH COUNTRIES. ENDERS

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